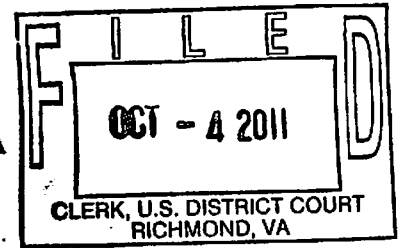


**IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA**

**Richmond Division**



**UNITED STATES OF AMERICA**

**v.**

**JOHN ROBERT GRAVES**

**and**

**SARA TURBERVILLE GRAVES,**

**Defendants.**

) **CRIMINAL NO.**  
) **3:11CR 246**  
)  
) **Count 1**  
) **Conspiracy**  
) **(18 U.S.C. § 1349)**  
)  
) **Count 2**  
) **Mail Fraud**  
) **(18 U.S.C §§ 1341 and 2)**  
)  
) **Counts 3-6**  
) **Wire Fraud**  
) **(18 U.S.C. §§ 1343 and 2)**  
)  
) **Counts 7-9**  
) **Investment Advisers Act Fraud**  
) **(15 U.S.C. §§ 80b-6 and 80b-17)**  
)  
) **Count 10**  
) **False Statements**  
) **(18 U.S.C. §1001)**  
)  
) **Forfeiture Notice**  
) **(18 U.S.C. §§ 981, 982)**

**UNDER SEAL PURSUANT TO  
FED. R. CRIM. P. 6(e)(4)**

**INDICTMENT**

**OCTOBER 2011 TERM - At Richmond, Virginia**

**THE GRAND JURY CHARGES THAT:**

**At all times relevant to this Indictment, unless otherwise stated:**

**INTRODUCTORY ALLEGATIONS**  
**Defendants**

1. Defendant JOHN ROBERT GRAVES ("JOHN GRAVES") is a former Federal Bureau of Investigation ("FBI") Special Agent, having resigned from the FBI as a Supervisory Special Agent in 1999. JOHN GRAVES was a Financial Industry Regulatory Authority registered professional, holding numerous registrations including the Series 7 general securities industry representative registration and the Series 65 registration qualifying him as an investment adviser representative. He held himself out as an investment advisor and was also a Certified Financial Planner. JOHN GRAVES founded and served as President of Brook Point Management ("BPM") and was also employed by, and served as President of, Compass Financial Advisors ("Compass"). He served as Vice President for Business Development for Associated Investment Consultants ("AIC").

2. Defendant SARA TURBERVILLE GRAVES ("SARA GRAVES") is the wife of JOHN GRAVES. She served as the managing member of Dupont Auburn Real Estate ("DARE"). SARA GRAVES controlled many of the bank accounts used by JOHN GRAVES and SARA GRAVES to perpetrate the fraudulent scheme.

**Relevant Entities**

3. DARE is an Indiana limited liability corporation formed by JOHN GRAVES's former business partner, on or about February 24, 2009, for the purpose of purchasing an office building in Fort Wayne, Indiana. On or about March 10, 2009, SARA GRAVES became the managing member of DARE. SARA GRAVES controlled TD Ameritrade brokerage account #XXX-XX7752 in the name of DARE, and 1st Source Bank account #XXXX4909, also in the name of DARE.

4. Compass is an Indiana limited liability company and an investment advisory firm registered with the U.S. Securities and Exchange Commission ("SEC"). From on or about May 28, 2008, until April 13, 2010, JOHN GRAVES was an investment advisor with Compass working in an office in Fredericksburg, Virginia, where he offered investment advice to clients.

5. BPM is a Virginia corporation formed by JOHN GRAVES in 2003 through which he sold insurance, performed estate and tax planning services, and recruited and advised investment clients. BPM's offices were located in Fredericksburg, Virginia. Both JOHN GRAVES and SARA GRAVES controlled BPM's bank account, account #XXXX6509, at Virginia Community Bank.

6. AIC is a Virginia corporation headquartered in Richmond, Virginia. During all times relevant to the Indictment, AIC was a holding company for three registered broker-dealers and a state-registered investment advisory firm.

#### **THE SCHEME TO DEFRAUD**

7. Between approximately June 2008 and July 2011, the exact dates being unknown to the Grand Jury, JOHN GRAVES and SARA GRAVES, and others, devised, intended to devise and executed a scheme to defraud approximately eleven investors located in central Virginia (the "CLIENTS"). Defendants raised approximately \$1,300,000 from the CLIENTS, many of whom JOHN GRAVES met when they came to BPM seeking assistance in setting up trusts to protect assets. SARA GRAVES often accompanied JOHN GRAVES to meetings with the CLIENTS. Defendants represented to the CLIENTS that their investments would be used for specific purposes. Defendants instead misappropriated the CLIENTS' money, causing it to be transferred to the Defendants for their own personal use and benefit.

**COUNT 1**

(Conspiracy to Commit Wire and Mail Fraud)

8. The allegations of paragraphs 1 to 7 of this indictment are incorporated by reference as if fully set forth here.

9. From in or about June 2008 to in or about July 2011, the exact dates being unknown to the Grand Jury, in the Eastern District of Virginia and elsewhere, defendants,

**JOHN ROBERT GRAVES  
and  
SARA TURBERVILLE GRAVES**

did knowingly and intentionally combine, conspire, confederate, and agree with each other and others, both known and unknown, to commit an offense against the United States, to wit:

- a. having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, knowingly transmitting and causing to be transmitted by means of wire communications in interstate and foreign commerce, any writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343;
- b. having devised and intending to devise a scheme and artifice to defraud and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, knowingly: (a) placing and causing to be placed in any post office and authorized depository for mail matter, any matter and thing whatever to be sent and delivered by the Postal Service; (b) depositing and causing to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and (c) causing to be

delivered by mail and private and interstate commercial carrier any matter and thing whatever according to the direction thereon, in violation of Title 18, United States Code, Section 1341.

**Manner and Means of the Conspiracy**

The manner and means by which defendants JOHN GRAVES and SARA GRAVES would and did carry out the conspiracy included, but was not limited to, the following:

10. JOHN GRAVES and SARA GRAVES met with potential CLIENTS and obtained money by making misrepresentations as to how their investments would be used, including: (a) investing in a "start-up company"; (b) purchasing shares in BPM; (c) holding funds in escrow for a CLIENT's grandson; and (d) funding a real estate investment in Indiana.

11. For the purpose of executing the above described scheme, JOHN GRAVES and SARA GRAVES made other material misrepresentations and omissions in order to induce the CLIENTS to invest with them. These misrepresentations and omissions included but were not limited to: (a) misrepresentations regarding the security of the investment; (b) omissions about the GRAVES' personal involvement and interest in BPM and DARE; (c) omissions regarding Defendants' intended use of CLIENT funds to pay back previous investors; and (d) omissions regarding JOHN GRAVES's and SARA GRAVES's use of the CLIENTS' investments for their own personal use and benefit.

12. JOHN GRAVES and SARA GRAVES caused CLIENT funds to be transferred from the BPM and DARE bank accounts to personal accounts in the name of SARA GRAVES and other entities controlled by JOHN GRAVES and SARA GRAVES, and unrelated to the CLIENTS' purported investment. They used the CLIENT funds to, among other things: (a) pay back previous investors who requested access to their money; (b) purchase real estate in Partlow,

Virginia, which was ultimately titled in SARA GRAVES's name; (c) pay for rent for BPM's office with DARE investors' money; (d) pay personal expenses including credit card bills, and time share dues, and for cash payments to themselves; and (e) pay debts related to JOHN GRAVES's acquisition of an interest in Compass.

13. In many instances, during the initial meeting with potential CLIENTS, JOHN GRAVES told them he was formerly with the FBI, which reassured the potential CLIENTS about investing with him.

14. JOHN GRAVES continued making misrepresentations even after the scheme was uncovered, through false and misleading statements to the CLIENTS and false and misleading statements to investigators from the Securities and Exchange Commission ("SEC"), FBI, and U.S. Postal Inspection Service ("USPIS").

(All in violation of Title 18, United States Code, Section 1349.)

**COUNT TWO**

(Mail Fraud)

15. Paragraphs 1 to 14 of this indictment are incorporated by reference as if fully set forth here.

16. On or about October 9, 2009, the exact date being unknown to the Grand Jury, in the Eastern District of Virginia and elsewhere, defendants

**JOHN ROBERT GRAVES  
And  
SARA TURBERVILLE GRAVES**

aided, abetted, induced, counseled, and encouraged by each other, having devised and intending to devise the scheme and artifice to defraud described above and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly: (a) deposit and cause to be deposited any matter and thing whatever to be sent and delivered by any private and interstate commercial carrier; and (b) cause to be delivered by private and interstate commercial carrier any matter and thing whatever according to the direction thereon, to wit: defendants caused to be sent and delivered by private and commercial interstate carrier investment materials from AIC in Richmond, Virginia to CLIENT 1 in Partlow, Virginia.

(In violation of Title 18, United States Code, Sections 1341 and 2.)

**COUNTS THREE THROUGH SIX**

(Wire Fraud)

17. Paragraphs 1 to 14 of this indictment are incorporated by reference as if fully set forth here.

18. On or about the following dates, each such date constituting a separate count of

this Indictment, in the Eastern District of Virginia and elsewhere, defendants

**JOHN ROBERT GRAVES**  
**and**  
**SARA TURBERVILLE GRAVES**

aided, abetted, induced, counseled, and encouraged by each other, having devised and intending to devise the scheme and artifice to defraud described above and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, did knowingly transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce, any writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice.

<u>Count</u>	<u>Date</u>	<u>Wire Transmission</u>
3	1/16/09	Wire transfer of approximately \$215,000 originating from the BPM bank account #####6509 at Virginia Community Bank in Fredericksburg, Virginia to the Mercantile Capital Partners bank account in Burr Ridge, Illinois.
4	6/30/09	Email from SARA GRAVES originating in Fredericksburg, Virginia, to DARE secretary TG in Valparaiso, Indiana.
5	7/1/09	Wire transfer of approximately \$200,000 originating from SARA GRAVES's personal bank account #####8500 at Virginia Community Bank in Fredericksburg, Virginia to the Mercantile Capital Partners bank account in Burr Ridge, Illinois.
6	8/17/09	Wire transfer of approximately \$10,000 originating from SARA GRAVES's personal bank account #####8500 at Virginia Community Bank in Fredericksburg, Virginia to the Mercantile Capital Partners bank account in Burr Ridge, Illinois.

(All in violation of Title 18, United States Code, Sections 1343 and 2.)



**COUNTS SEVEN THROUGH NINE****(Investment Advisers Act Fraud)**

19. Paragraphs 1 to 14 of this indictment are incorporated by reference as if fully set forth here.

20. On or about the following dates, each such date constituting a separate count of this Indictment, in the Eastern District of Virginia and elsewhere, defendant

**JOHN ROBERT GRAVES**

unlawfully, knowingly, and willfully, directly and indirectly, by the use of the mails and means and instrumentalities of interstate commerce, while acting as an investment adviser: (a) employed devices, schemes, and artifices to defraud advisory clients and prospective advisory clients; (b) engaged in transactions, practices, and courses of business that operated as a fraud and deceit upon clients and prospective clients; and (c) engaged in acts, practices and courses of business that were fraudulent, deceptive, and manipulative; to wit: procuring, advising and inducing the CLIENTS to invest by making misrepresentations and omissions about how their money would be spent.

<u>Count</u>	<u>Date</u>	<u>Transaction</u>
7	1/16/09	Wire transfer of approximately \$215,000 from the BPM bank account #####6509 at Virginia Community Bank in Fredericksburg, Virginia to the Mercantile Capital Partners bank account.
8	7/1/09	Wire transfer from DARE account #####4909 of approximately \$224,000 of CLIENT funds to JOHN GRAVES and SARA GRAVES account #####2326 at Virginia Community Bank in Fredericksburg, Virginia.
9	9/23/09	Delivery by private and interstate commercial carrier to SARA GRAVES of check for \$150,000 of DARE CLIENT funds from DARE TD Ameritrade account #####7752.

(All in violation of Title 15, United States Code, Sections 80b-6 and 80b-17.)

**COUNT TEN**

(False Statements)

21. Paragraphs 1 to 14 of this indictment are incorporated by reference as if fully set forth here.

22. Or about September 20, 2010, in the Eastern District of Virginia, defendant

**JOHN ROBERT GRAVES**

unlawfully, knowingly, and willfully made and caused to be made materially false, fictitious and fraudulent statements in a matter within the jurisdiction of the FBI and USPIS, agencies of the executive branch of the Government of the United States, to wit: JOHN GRAVES told agents of the FBI and USPIS that a CLIENT who had invested through BPM was repaid by SARA GRAVES with money that SARA GRAVES inherited when, in truth and in fact, as JOHN GRAVES knew, the funds to repay that CLIENT came from JOHN GRAVES's other CLIENTS who had invested in DARE.

(In violation of Title 18, United States Code, Section 1001.)

**FORFEITURE**

23. Pursuant to Rule 32.2(a) Fed. R. Crim. P., the defendants are notified that, if convicted of the offenses alleged in Counts One through Six, they shall forfeit to the United States their interest in any property constituting, or derived from, proceeds obtained directly or indirectly as a result of such violations, including, but not limited to, the sum of at least \$1,301,000.00, and any assets which may be directly forfeitable as proceeds or subject to forfeiture as a substitute asset. Property subject to forfeiture includes, but is not limited to, the following:

**Real property and improvement known as 3100 Shirleys Hill Road, Partlow,**

Virginia 22534.

(In accordance with Title 18, United States Code, Section 982(a)(2), and Title 18, United States Code, Section 981(a)(1)(C), as incorporated by 28 U.S.C. 2461(c).)

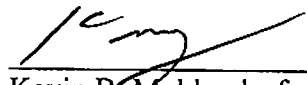
A True Bill:

Pursuant to the E-Discovery Act,  
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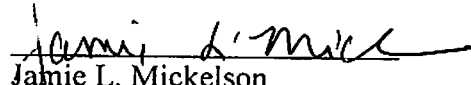
DENIS J. MCINERNEY  
CHIEF, FRAUD SECTION

By:

  
\_\_\_\_\_  
Kevin B. Muhlendorf  
Trial Attorney, Fraud Section  
Department of Justice

NEIL H. MACBRIDE  
UNITED STATES ATTORNEY

By:

  
\_\_\_\_\_  
Jamie L. Mickelson  
Assistant United States Attorney  
Eastern District of Virginia

No. \_\_\_\_\_

**UNITED STATES DISTRICT COURT**

EASTERN DISTRICT OF VIRGINIA  
RICHMOND DIVISION

THE UNITED STATES OF AMERICA

vs.

JOHN ROBERT GRAVES, et al.

CRIMINAL NO. 3:11CR \_\_\_\_\_

**INDICTMENT**

18 U.S.C. § 1349 - Conspiracy to Commit Mail & Wire Fraud  
18 U.S.C. § 1341 - Mail Fraud  
18 U.S.C. § 1343 - Wire Fraud  
15 U.S.C. §§ 80b-6 and 80b-17 - Investment Advisers Act Fraud  
18 U.S.C. § 1001 - False Statements

*A true bill.*

Pursuant to the E-Government Act,  
the original of this page has been filed  
under seal in the Clerk's Office

*Foreman*

Filed in open court this 4 day, of Oct., A. D. 2011

*Clerk*

Bail, \$ \_\_\_\_\_